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DECISION AND ORDER

EB-2020-0162

Amending Electricity Distributor and Unit Sub-Meter Provider Licences to Require Licensees to administer the COVID-19 Energy Assistance Program

BY DELEGATION, BEFORE: Brian Hewson
Vice President,
Consumer Protection & Industry Performance

June 16, 2020

INTRODUCTION AND SUMMARY

The Ontario Energy Board (OEB), of its own motion, has initiated this proceeding to amend the licences of all licensed electricity distributors and unit sub-meter providers (USMPs) (collectively, Utilities) to support the implementation of the government's new COVID-19 Energy Assistance Program (CEAP).

As set out in this Decision and Order, the licence amendments require Utilities to deliver CEAP to their eligible residential customers, including by making applications for CEAP assistance available to their customers, processing applications for CEAP assistance, and crediting eligible customers' bills with the appropriate amounts.

This Decision and Order is being issued by Delegated Authority without a hearing pursuant to section 6(4) of the *Ontario Energy Board Act, 1998* (OEB Act).

BACKGROUND

On June 1, 2020, the Government of Ontario [confirmed](#) that it is making \$9 million available for CEAP, to support residential customers struggling to pay their energy bills as a result of the COVID-19 emergency. By letter dated the same day, the Minister of Energy, Northern Development and Mines and the Associate Minister of Energy asked for the OEB's support to implement CEAP, and to take action as necessary to ensure licensed electricity distributors, USMPs and natural gas distributors provide CEAP to their customers (Ministers' Letter). In the letter, the Ministers' state the intention of CEAP is to allow residential customers to catch up on their energy bills and resume regular payments. In that regard, the Ministers' Letter further asks the OEB to consider the following, to help CEAP reach the most people:

- Make CEAP available to consumers who have fallen behind by at least two billing cycles, but whose accounts were in good standing when the provincial emergency was declared (i.e., March 17, 2020);
- Make CEAP available for those unemployed on the date they apply for funding, and have received Employment Insurance or the Canada Emergency Response Benefit since March 17, 2020;
- Provide electricity customers with up to \$230 in support if they primarily use electricity for heating, or if they use energy-intensive medical devices, and up to \$115 otherwise;
- Provide natural gas customers with up to \$160 if they reside in Northern Ontario, and up to \$80 if they reside elsewhere;

- As the aim of CEAP is to support those who are temporarily behind on their bills as a result of COVID-19, ensure that those who have received support from the Low Income Energy Assistance Program or the Ontario Electricity Support Program in the recent past are ineligible; and,
- That the \$9 million in support is allocated across all electricity and natural gas distributors and USMP.

The Ministers' Letter also indicates that the Ministry of Energy, Northern Development and Mines intends to enter into a transfer agreement with the Independent Electricity System Operator (IESO) to reimburse Utilities for the CEAP credits that they provide to their customers.

DECISION

Under section 70(1) of the OEB Act, a licence may prescribe the conditions under which a person may engage in a licensable activity (as set out in section 57), and such conditions as are appropriate having regard to the OEB's statutory objectives. One of those objectives is to protect the interests of consumers with respect to prices.

The OEB has taken a number of steps to protect consumers in these unprecedented times, including extending the winter disconnection ban and broadening it to apply to small business customers, and more generally emphasizing the importance of Utilities taking steps to promote solutions for their customers that have arrears to help alleviate the financial burden resulting from the COVID-19 emergency.

In order to ensure that CEAP can be delivered on a timely basis when it is most needed, Utilities must play a central role in the delivery and administration of the program, and do so in a manner that ensures that the taxpayer funding for CEAP is spent in an efficient and transparent manner. The OEB is therefore amending the licences of all Utilities to require them to deliver CEAP to their eligible customers until such time as their allocated amount of CEAP funding has been depleted.

The new licence conditions, which are effective immediately, are set out in Attachment A to this Decision and Order.

1. *Timeline for Delivery of CEAP*

In order to maximize the ability of CEAP to provide the intended benefits, the OEB has determined that CEAP must be available to residential electricity customers prior to the

end of the winter disconnection ban July 31. Therefore, Utilities must start accepting applications for CEAP as of July 13, 2020.

2. *Total CEAP Funding per Utility*

The \$9 million in funding for CEAP is intended to be used to assist electricity residential customers¹ of Utilities as well as natural gas customers.² While there may be a number of different approaches to allocate the funds to the different sectors and then to the Utilities, the OEB has determined that the fair approach to allocating funds is to do so based on the number of residential customers. This approach ensures that all residential energy (electricity and natural gas) consumers are afforded access to a comparable level of funding based on information reported by the Utilities to the OEB. The OEB has further determined that a minimum amount of \$230, being equal to the maximum credit an eligible consumer may receive under CEAP, will be allocated to every Utility that has reported residential customer numbers to the OEB.

Therefore the OEB has determined that the \$9 million will be allocated as follows:

- a total of \$4.89 million for electricity distributors, to be allocated amongst them based on their respective number of residential customers for 2018 as reported to the OEB
- a total of \$0.34 million for USMPs that are serving residential customers, to be allocated amongst them based on their respective number of residential customers as reported to the OEB
- a total of \$3.77 million for natural gas distributors to be allocated amongst them based on their respective number of residential customers for 2018 as reported to the OEB

The OEB will advise each Utility of their share of CEAP funding by separate correspondence.

3. *Application Form and Processing*

In order to ensure the timely, cost-effective and consistent implementation of CEAP across the Province, and to facilitate access to CEAP funding by customers, the OEB will require Utilities to use an OEB-approved standard application form (Application

¹ As indicated in the Ministers' Letter, the government is creating a complementary program to help small business customers.

² The implementation of CEAP by natural gas distributors is being addressed separately.

Form) which will be provided to Utilities shortly. The Application Form will, among other things, clearly identify the criteria for CEAP eligibility to minimize the risk of incomplete or ineligible applications. While the Application Form will require the applicant to attest to their eligibility for CEAP, the OEB will not require Utilities to independently verify all aspects of an applicant's eligibility. Utilities will only be expected to verify eligibility information that is already in their possession as part of the customer's account information.

With a view to ensuring that as many residential customers as possible are easily able to access CEAP, Utilities will be required to make the Application Form available on their websites and directly to any residential customer that requests it. Customers must be allowed to apply by e-mail or mail, as well as online via webform or by phone where a Utility's functionality allows. To ensure a record of all applications, where a Utility accepts applications over the phone, the call must be recorded to document confirmation of all information requested on the Application Form, including consent and the applicant's attestation of eligibility.

Although it is expected that the funding provided through CEAP will meaningfully help many consumers, the budget for the program is limited to \$9 million. The OEB considers it fair and reasonable to require Utilities to process Application Forms in the order that they receive them. Utilities will also be required to process completed Application Forms within 10 business days of receipt. This approach to processing applications is expected to minimize the administrative costs and burden for Utilities while ensuring a timely response to consumers regarding their applications and delivery of CEAP credits to eligible consumers.

Utilities are expected to cease accepting Application Forms and crediting customer bills once the total CEAP funding allocated to the Utility has been depleted. Utilities will not be permitted to recover any amount of CEAP funding provided to their customers above the amount allocated to them.

Utilities are also expected to make best efforts to inform their customers about CEAP, including by posting information on their websites. The OEB will support Utilities' implementation of this expectation through consumer communication materials that will be provided to Utilities prior to the July 13th commencement of application intake.

4. Eligibility and Maximum CEAP Credit per Customer

The OEB considers it appropriate for eligibility and maximum funding per customer to be aligned with the government's expectations as set out in the Ministers' Letter. CEAP

benefits for customers are being funded through provincial revenues, and the maximum funding amount per customer as set out in the Ministers' Letter reflects the average bill for a residential electricity customer. The eligibility criteria are in keeping with the total funds available for the program and provide an appropriate basis for targeting funds to customers whose bills are in arrears as a result of the COVID-19 emergency.

a. Eligibility

CEAP will be available to residential customers served by a Utility, including residential customers that have a contract with an electricity retailer, who meet the following eligibility criteria:

- In line with the purpose of CEAP to support those residential consumers who have fallen behind in their bill payments on account of the COVID-19 emergency, the account holder's account was in good standing on March 17, 2020, and the account was not enrolled in an arrears payment agreement for amounts owing prior to March 17, 2020. In other words, all amounts on account of electricity charges that were payable on or before that date had been fully paid.
- The account holder has failed to make complete payment on account of electricity charges on at least two electricity bills issued since March 17, 2020 and has an overdue balance on the date of their application for CEAP. Account holders whose ability to pay was impacted by COVID-19 and who enrolled in an arrears payment agreement for amounts incurred following March 17, 2020 are eligible.
- The account holder has confirmed, through the Application Form, that they or their spouse or common-law partner that resides in the same residence:
 - Are unemployed on the date of their application for CEAP
 - Have received Employment Insurance or the Canada Emergency Response Benefit since March 17, 2020
- The account holder has not received LEAP funding for their electricity bills or funding under the Ontario Electricity Support Program (OESP) in 2020

b. Maximum CEAP Credit per Customer

To maximize the number of customers that receive assistance through CEAP, and to ensure consistency across the province, the OEB is adopting the following rules regarding the maximum CEAP credit that an eligible customer may receive, which are consistent with the suggestions included in the Ministers' Letter:

- Customers whose home is (i) mainly heated by electricity or (ii) is one in which an energy-intensive medical device is used, will receive a credit for half of the amount owing on account of electricity charges on the date of their application for CEAP, up to a maximum of \$230. Medical devices are defined to include kidney dialysis machines, mechanical ventilators, or oxygen concentrators which are the same devices identified under the OESP. The Application Form will require customers to attest to whether or not they meet either of these two conditions
- Other customers will receive a credit for half of the amount owing on account of electricity charges on the date of their application for CEAP, up to a maximum of \$115

While the OEB recognizes that this represents a credit for only half of a customer's arrears, this approach will assist in achieving the government's objective of making CEAP available to help the most people. For the same reason, CEAP funding will be available only once per account holder. The OEB reminds Utilities that they should provide their customers with information regarding other available support programs such as LEAP and OESP.

The CEAP credit must be applied on the next available bill issued to the customer after the customer's Application Form has been assessed as complete by the Utility.

5. *Settlement and Reporting*

As noted above, CEAP is being funded through provincial revenues and the Ministry intends to enter into a transfer payment arrangement with the IESO to reimburse Utilities for the amount of the on-bill credits that they provide to eligible customers under CEAP. The OEB will be amending the IESO's licence to make provision for its CEAP settlement responsibilities, and expects that the IESO will provide further information to Utilities about the process for settlement. Utilities will not be reimbursed for any credits they provide that exceed the total amount of CEAP funding that is allocated to them by the OEB.

Given the expedited rollout of CEAP, the OEB will not require reporting from Utilities on the implementation or operation of the program at this time, apart from notifying the OEB when the Utility has expended all of its allocated funds. Information on funds disbursed and number of customers to whom credits are provided will be collected by the IESO as part of the reimbursement process. To ensure that the OEB has access to information in order to confirm compliance with the new licence conditions and to address any customer complaints, Utilities will be required to retain documentation (and telephone recordings, as applicable) relating to their administration of the program as set out in the licence amendments.

6. *Cost Recovery*

In order to ensure that maximum funds are available to assist eligible customers, CEAP funding cannot be used to defray costs incurred by Utilities to implement and administer the program.

On March 25, 2020, the OEB established a new deferral account for rate-regulated electricity distributors; namely, Account 1509 – Impacts Arising from the COVID-19 Emergency. The OEB's Accounting Order recognized that electricity distributors may incur incremental costs related to the COVID-19 emergency. While CEAP was not known at the time of the issuance of the Order, the OEB is of the view that the implementation and administration of CEAP fits within the criteria for Account 1509. Distributors may therefore record the costs of CEAP implementation and administration into Account 1509 Impacts Arising from the COVID-19 Emergency, sub-account Other Costs. The prudence of any costs recorded in this account will be reviewed at a later date.

IT IS ORDERED THAT:

1. The electricity distribution licence of each electricity distributor and the unit sub-metering licence of each unit sub-meter provider be amended to include the conditions set out in Attachment A to this Decision and Order.

DATED at Toronto June 16, 2020

ONTARIO ENERGY BOARD

Original Signed By

Brian Hewson
Vice President, Consumer Protection & Industry Performance

**Attachment A
To
Decision and Order
dated March 19, 2020
EB-2020-0162**

Licence Conditions

Note: The section and paragraph numbers will be revised when integrated into each licence.

1. Administration of COVID-19 Energy Support Program

1.1 For the purposes of paragraphs 1.1 to 1.8:

“Application Form” means the form of application for CEAP approved by the Board, including the use of that form by telephone

“CEAP” means the COVID-19 Energy Assistance Program as described in the Board’s Decision and Order dated June 16, 2020

“CEAP-eligible account” means an account in the Licensee’s residential class that meets all of the following criteria:

- (a) the account was in good standing (i.e. all amounts on account of electricity charges that were payable were fully paid) on March 17, 2020, and the account was not enrolled in an arrears payment for amounts owing prior to March 17, 2020
- (b) complete payment on account of electricity charges has not been made on at least two electricity bills issued since March 17, 2020, and the account has an Overdue Balance on the date of receipt of the Application Form for the account including where the account is enrolled in an arrears payment agreement for amounts incurred following March 17, 2020,
- (c) the account has not received funding under the Low-income Energy Assistance Program or the Ontario Electricity Support Program in 2020; and
- (d) the account holder has provided a complete Application Form and has declared, through the Application Form, that they or their spouse or common-law partner that resides in the same residence:

- are unemployed on the date that they provide their completed Application Form to the Licensee
- have received Employment Insurance or the Canada Emergency Response Benefit since March 17, 2020

“Overdue Balance” means the amount by which the account holder’s balance is past due in respect of Electricity Charges at the time the Application Form is received by the Licensee. Amounts that may be on the bill but are not yet past due are not part of the Overdue Balance.

“electricity charges” means:

- (a) charges that appear under the sub-headings “Electricity”, “Delivery”, and “Regulatory Charges” as described in Ontario Regulation 275/04 (Information on Invoices to Certain Classes of Consumers of Electricity) made under the Act, and all applicable taxes on those charges;
- (b) where applicable, charges prescribed by regulations under section 25.33 of the Electricity Act and all applicable taxes on those charges
- (c) Board-approved specific service charges, including late payment charges, and such other charges and applicable taxes associated with the consumption of electricity as may be required by law to be included on the bill issued to the customer or as may be designated by the Board for the purposes of this definition, but not including security deposits, amounts owed by a customer pursuant to a billing adjustment, or amounts under an arrears payment agreement entered into prior to March 17, 2020; and
- (d) any financial assistance provided for under the *Ontario Rebate for Electricity Consumers Act, 2016*

1.2 The Licensee shall start to accept Application Forms as of July 13, 2020.

1.3 The Licensee shall:

- (a) Make copies of the Application Form available on its web site and to any customer on request.
- (b) Process all complete Application Forms in the order in which they are received.
- (c) Accept Application Forms by e-mail or mail, and may also allow the Application Form to be completed online or by telephone, provided that where Application Forms are completed by telephone the call must be recorded and must document confirmation of all information requested on the Application Form, including consent and the applicant’s declaration of eligibility.
- (d) Process each complete Application Form within 10 business days of receipt.

- 1.4 The Licensee shall provide a credit to a CEAP-eligible account in an amount equal to half of the Overdue Balance for the account:
- (a) to a maximum of \$230, where the Application Form declares that the account is for a residence that mainly uses electric heating or in which an eligible medical device is used
 - (b) to a maximum of or \$115, in all other cases.

The credit must be applied on the next bill issued to the CEAP-eligible account after the processing of the Application Form for the account as set out in paragraph 1.3(d), where feasible, and in any event no later than on the following bill.

- 1.5 Despite paragraph 1.4:
- (a) The Licensee is not required to provide a credit to a CEAP-eligible account if the total amount of CEAP funding available to the Licensee as specified by the Board has been expended; and
 - (b) The Licensee shall not provide a credit to a CEAP-eligible account more than once.
- 1.6 Reimbursement for credits provided by the Licensee to CEAP-eligible accounts, up to the total referred to in paragraph 1.5(a), are recoverable from the Independent Electricity System Operator. The Licensee shall provide information in such form and manner, and within such time, as the IESO may reasonably require, in respect of requests for reimbursement. The Licensee shall not seek reimbursement from the Independent Electricity System Operator for any amount above the total referred to in paragraph 1.5(a) or on account of any costs relating to the administration of CEAP.
- 1.7 The Licensee shall keep the following records for two years, and make them available to the Board upon request:
- (a) Copies of all Application Forms received, including recordings of calls where the Application Form is provided by telephone, and copies of any communications with customers about CEAP.
 - (b) A record of all Application Forms that were accepted as complete and a credit was provided to CEAP-eligible accounts, and a record of all Application Forms that were denied
 - (c) A record of the credit provided to each CEAP-eligible account, as well as the total amount of credits provided to all CEAP-eligible accounts.

- 1.8 The Licensee shall report to the Board, as soon as practicable, the date on which the total amount of CEAP funding referred to in paragraph 1.5(a) has been expended.
- 1.9 Paragraphs 1.1 to 1.8 govern over any provisions of the Distribution System Code or the Standard Supply Service Code in the event of any inconsistency.